



NEW ZEALAND – September 2019

COUNCIL'S 'HONESTY BOX' APPROACH TO AIRBNB RENTALS COMES UNDER FIRE 1

Council's 'honesty box' approach to Airbnb rentals comes under fire

A Rotorua council candidate is vowing to fight the rental imbalance in the town.

Families are being squeezed out of the rental market in one of the country's tourism hotspots due to property owners being able to rent out their homes for up to 100 nights a year before they need to pay business rates, moteliers say.

Rotorua Lakes Council's "honesty box" policy on holiday rentals is creating an uneven playing field, the chair of the Rotorua Motel Association, Shelley Hobson-Powell, said.

"Something needs to be done," she said.

"Airbnb is far too easy to do. It's detrimental to Rotorua."

The influx of properties being placed on sites such as Airbnb and Bookabach has caused similar tensions between landlords and tenants across the country, from Queenstown to Nelson and Taranaki. There have been multiple calls for more regulation on Airbnb properties.

Hobson-Powell said council "chose not to monitor" the policy where rental owners have to put their hands up once they cross the 100 day threshold.

"They can't police their own legislation."

She said the current policy was seeing a spike in short term rentals in suburban areas that would previously have housed families, and it was leading to rent increases across the board.

There have also been complaints from residents who find themselves living among increased numbers of short term rental homes, with one describing "three years of hell" due to excessive drinking and partying from guests renting out short term accommodation for bucks' parties and hens' nights.

Ryan Gray, who is standing for council in the upcoming local election, said the number of Rotorua properties on just one website, Airbnb, had rocketed from less than 100 in 2016 to almost 900.

"The basic market principle of supply and demand is at play. It's clear that removing almost 900 homes from the rental market in Rotorua has a major effect on rental home availability and cost," he said.

Gray said he wanted to see a reduction in the number of nights a holiday rental could be let before paying business rates to 30 nights, and that council had simply failed to keep pace with the "disruptive business model".

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"Whether it's a motel on Fenton Street charging a customer for accommodation, or holiday rental on Elizabeth Street charging a customer for accommodation, they're operating a business which earns revenue - it's only fair they both play by the same rules."

He also said he wanted to see owners registered with council, a registration number linked to their online listing and a requirement for them to update council monthly on their stay data.
He also criticised the "honesty box" system.

"They wait for holiday rental business owners to come to them to say they've had over 100 night stays and want to pay more rates, the change puts the onus on holiday rental business owners to show they're complying with council rules."

He said that if just 10 per cent of holiday homes switched to the rental market, as many as 90 families could be housed.

A Local Government Official Information and Meetings Act (LGOIMA) request on the issue, seen by Stuff, showed Rotorua Lakes Council "has not engaged directly with Airbnb/bookabach".

However, the council said in a statement provided to Stuff that "informal" talks had taken place with Destination Rotorua, the council-controlled economic development agency.

"We haven't had any official meetings with shared accommodation providers recently, although some of the team have been involved in informal conversations seeking to understand more about the role that sector plays in our visitor experience," said chief executive Michelle Templer.

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